Collection of Fringe Benefit Tax

2270. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) the amount realised in respect of fringe benefit tax and cash transaction tax respectively during the first quarter of the current financial year;

(b) whether the collections of cash transaction tax during the above period is negligible whereas it involves enormous work which does not commensurate with the labour and manpower employed in collection etc.; and

(c) whether Government propose to do away or review with this tax and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S PALANIMANICKAM): (a) An amount of Rs. 583 crore has been collected as Fringe Benefit Tax and an amount of Rs. 20 crore has been collected as Banking Cash Transaction Tax for the first quarter of the current financial year.

(b) The primary objective of Banking Cash Transaction Tax is to check tax-evasion and discourage cash transactions rather than to generate revenues. Moreover, banking Cash Transaction Tax came into effect on 1st of June, 2005 and so the collections of the first quarter actually represent the collections of only one month.

(c) In view of the position stated in para (b) above, the Government does not at present propose to withdraw Banking Cash Transaction Tax.

Committee for Development of Corporate Bond Market

2271. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have appointed a committee under Shri R.H. Patil, to draw up a policy to develop the corporate bond market;

(b) if so, the terms of reference of the Committee; and

(c) whether Government propose to amend the definition of securities under the Securities Contracts (Regulation) Act, 1956 to provide a legal framework for trading of securitized debt including mortgage backed debt?